This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

New Issue

File

$75,000,000
(Canadian)

The International Nickel Company of Canada, Limited

9¼% Debentures
(unsecured)

To be dated October 1, 1970 — To mature October 1, 1990

The Debentures will not be redeemable on or before October 1, 1985, for other than sinking fund purposes, from the proceeds of funds borrowed at a lower interest cost. Further particulars of redemption and particulars of the sinking funds, both mandatory and optional, are set out on page 11. Reference is made to the top of page 3 for particulars of dollar currencies used herein.

In the opinion of counsel, the Debentures will be investments in which the Canadian and British Insurance Companies Act states that a company registered under Part III thereof may invest its funds without availing itself for that purpose of the provisions of subsection (4) of Section 63 of said Act.

Price: 100 and accrued interest

We, as principals, offer these Debentures subject to prior sale if, as and when issued by the Company and accepted by us and subject to the approval of all legal matters on behalf of the Company by Messrs. Osler, Hoskin & Harcourt, Toronto, and on our behalf by Messrs. Tory, Tory, DesLauriers & Binnington, Toronto.

	Price to public (1)	Underwriting discount	Proceeds to Company (2)
Per Unit	100%	1.30%	98.70%
Total ($ Cdn.)	$75,000,000	$975,000	$74,025,000

(1) Plus accrued interest from October 1, 1970 to the date of delivery.

(2) Before deducting expenses of issue estimated at $100,000 (Cdn.).

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that Debentures in definitive form will be available for delivery on or about October 1, 1970.

Wood Gundy Securities
Limited

Offices in principal cities across Canada and in New York and London

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Purchaser's Statutory Rights of Withdrawal and Rescission

Sections 63 and 64 of The Securities Act, 1967 (Alberta), sections 70 and 71 of The Securities Act, 1967 (Saskatchewan), sections 63 and 64 of The Securities Act, 1968 (Manitoba) and sections 63 and 64 of The Securities Act, 1966 (Ontario) provide, in effect, that where a security is offered to the public in the course of primary distribution:

(a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by him or his agent, and

(b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide in effect that, where a security is offered to the public in the course of primary distribution, a purchaser has the same right of rescission described in (b) above and also that a purchaser has a right to rescind a contract for the purchase of such security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.

Reference is made to the aforesaid Acts for the complete texts of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

Except on the cover page and where otherwise indicated, all dollar amounts herein are stated in United States dollars. On July 15, 1970, the Bank of Canada noon rate of exchange was $1.03 7/16 (Cdn.) to $1.00 (U.S.).

The Company

The International Nickel Company of Canada, Limited was incorporated under the laws of Canada by letters patent dated July 25, 1916 and, together with its subsidiaries, is the free world's largest producer of nickel and a major producer of copper and other metals. Unless the context otherwise requires, reference to the "Company" or "Inco" includes the subsidiaries.

Mining and smelting operations are located in the Sudbury area of Ontario and in the Thompson area of Manitoba. Refining and processing plants are located in Canada, the United States and Great Britain, where nickel and copper in various forms and a wide range of nickel and copper-nickel alloys are produced. Inco products are sold in over 50 countries. The Company's head office is located in Copper Cliff, Ontario and its principal office in Toronto, Ontario.

Capitalization

	Authorized or to be authorized	Outstanding on June 30, 1970	Outstanding on July 15, 1970	Outstanding as at July 15, 1970 after giving effect to this issue
LONG-TERM DEBT:				
The International Nickel Company of Canada, Limited				
6.85% Debentures due April 1, 1993	$150,000,000	$150,000,000	$150,000,000	$150,000,000
9¼% Debentures due October 1, 1990 (this issue)(1)	$72,508,000	—	—	$72,508,000
The International Nickel Company, Inc.				
Bank loan(2)	$75,000,000	$25,000,000	$25,000,000	$25,000,000
International Nickel Projects Limited(3)				
6¼% loan due October 15, 1973	$9,314,000	$9,314,000	$9,314,000	$9,314,000
6½% loan due October 31, 1970(4)	$6,986,000	$6,986,000	$6,986,000	$6,986,000
CAPITAL STOCK:				
Common shares without nominal or par value(5)	90,000,000 shs.	74,444,927 shs. ($93,035,000)	74,445,227 shs. ($93,045,000)	74,445,227 shs. ($93,045,000)

NOTES:

(1) The 9¼% Debentures due October 1, 1990 will consist of $75,000,000 principal amount in Canadian dollars which have been translated into United States dollars at the exchange rate on July 15, 1970.

(2) Under the terms of the agreement under which this loan was obtained, The International Nickel Company, Inc. is entitled to borrow up to a maximum of $75,000,000 evidenced by notes maturing not later than December 31, 1970 and bearing interest at current New York prime commercial rates. On December 31, 1970 The International Nickel Company, Inc., may convert its borrowing entitlement in whole or in part to term notes payable in nine equal semi-annual instalments commencing June 30, 1971 which will bear interest at rates ¼ of 1% in excess of New York prime commercial rates in effect from time to time. The existing notes are and the term notes will be unconditionally guaranteed by the Company.

(3) The 6¼% and 6½% loans which are unconditionally guaranteed by the Company consist of borrowings of Swiss Francs 40,000,000 and 30,000,000 respectively and have been translated into United States dollars at the rates of $1 (U.S.) to 4.295 Swiss Francs and $1 (U.S.) to 4.294 Swiss Francs respectively, being the rates in effect on October 15, 1968 and October 31, 1968, the respective dates when the loans were obtained.

(4) International Nickel Projects Limited is negotiating a proposed issue of Swiss Francs 60,000,000 15-year Bonds (the equivalent of $13,947,000 at the exchange rate of $1 (U.S.) to 4.302 Swiss Francs in effect on July 15, 1970) to be unconditionally guaranteed by the Company. The proceeds of the issue would be used to repay the 6½% loan maturing October 31, 1970 and to assist in financing subsidiary and affiliated companies of the Company outside Canada and the United States and for other corporate purposes.

(5) In addition to the stated dollar value for share capital as indicated above, the Company had consolidated retained earnings and capital gains employed in the business of $850,978,000 and capital surplus of $61,036,000 at June 30, 1970.

Application of Proceeds

The estimated net proceeds to the Company from the sale of the 9¼% Debentures (the "Debentures") will amount to approximately $71,468,000 ($73,925,000 Cdn.). Such proceeds will be added to the Company's general funds for application to its major capital expenditure program in Canada as referred to under "Capital and Exploration Expenditures" on page 9. The Company may borrow additional amounts during the period 1971-1972 to finance completion of this program and to meet related working capital requirements. Additional financing will be required for the projects described under "Expansion Projects Outside Canada" on page 8, if and to the extent that such projects go forward. The type, amount and timing of any such financing cannot now be determined.

Business of the Company

Inco is the largest producer of nickel in the free world and is a major producer of copper and the platinum-group metals. On average, about 51% of the Company's net sales for the last five years was derived from primary nickel, 23% from rolling mill products, 18% from refined copper and 8% from other metals. Approximately 62% of Inco's sales in 1969 were to customers in North America, 34% to customers in Europe and 4% to customers elsewhere.

Nickel

Nickel is a hard white metal which is recovered from ore by mining and processing. It is used in some 3,000 alloys to impart strength, toughness, corrosion resistance and high- and low-temperature properties. Although most widely used in association with other elements, nickel is also used in an unalloyed state, particularly as a plating material. Pure nickel is also widely used in the world's coinage systems.

Markets, Supply and Prices

Free world consumption of nickel in 1969 amounted to about 820 million pounds, the major consumers of which were the United States (38%), Europe (38%) and Japan (18%).

Nickel has been in short supply since mid-1966. Due to continuing heavy demand in excess of productive capacity, Inco has been allocating its available supplies to customers since that time. Barring a substantial reduction in demand due to generally lower business activity, nickel is expected to continue in short supply over the near-term future. To meet the shortage several producers, both new and established and including Inco, have announced major exploration and development projects. A large part of the new production which may be expected from these projects will be located in Canada, New Caledonia and several developing countries in the tropical and subtropical areas of the world. This anticipated increase in production is expected to close the gap between supply and demand within the next several years and possibly as early as 1972.

Since November 1969 Inco's base price for electrolytic nickel has been $1.28 per pound. The price had previously been 85¼¢ per pound from November 1966 to September 1967, 94¢ per pound from September 1967 to December 1968, and $1.03 per pound from December 1968 to November 1969.

Applications

It is estimated that, in 1969, 39% of free world nickel consumption was for stainless steels, 16% for high-nickel alloys, 14% for nickel plating, 11% for constructional alloy steels, 9% for iron and steel castings and 11% for other uses. The largest uses of nickel, by industrial categories, were consumer products (15%), construction and machinery (14%), automotive (11%), electronics (10%), chemical (8%), petroleum (8%), process equipment (8%) and aircraft (7%).

Typical applications of nickel stainless steel are in building materials, rapid transit and railway cars, food handling equipment, and chemical fertilizer manufacturing and handling equipment. The automotive industry is the biggest user of nickel plating, especially for automobile bumpers. High-nickel alloys are used for components of the gas turbine engine, nuclear reactors, chemical, petroleum and process equipment and many other applications where resistance to heat and corrosion is essential. Copper-nickel alloys have numerous commercial sea water applications, notably in shipboard piping and desalination plants. They are also popular coinage materials.

Other Metals

Inco is a substantial producer of copper, which is associated with nickel in the sulphide ores mined in Canada. The Company sells its copper in Canada at the prevailing Canadian price, and abroad at prices based on the London Metal Exchange daily spot quotation for wirebars.

Inco is a major producer and supplier of the platinum-group metals which consist of platinum, palladium, rhodium, ruthenium, iridium and osmium. Demand for these metals is at a high level, principally for industrial uses.

Iron ore pellets produced at the Company's iron ore recovery plant at Copper Cliff, Ontario are sold in the United States and Canada.

The Company also produces limited quantities of cobalt, silver, gold, sulphur, selenium and tellurium.

Delivery of Metals

The following table shows Inco's deliveries of its principal metals for the five years ended December 31, 1969:

	1965	1966	1967	1968	1969
Nickel (pounds) (1)					
Primary nickel (2)	433,190,000	431,560,000	399,450,000	415,520,000	309,940,000
Nickel in rolling mill products	59,770,000	68,640,000	64,000,000	65,320,000	72,230,000
Nickel in all forms—Total	492,960,000	500,200,000	463,450,000	480,840,000	382,170,000
Copper (pounds)	275,880,000	293,000,000	310,930,000	314,160,000	208,220,000
Cobalt contained in salts and oxides (pounds)	2,020,000	2,000,000	2,210,000	1,790,000	1,870,000
Platinum-group metals and gold (troy ounces)	510,800	500,900	475,600	440,900	421,500
Silver (troy ounces)	1,581,000	1,513,000	1,592,000	1,607,000	1,111,000
Iron ore (long tons)	889,000	673,000	708,000	654,000	758,000

(1) Nickel deliveries include the following quantities of nickel purchased from others at or above market prices and on which Inco made no profit: 1965—6,650,000 pounds; 1966—122,100,000 pounds; 1967—36,180,000 pounds; 1968— 22,045,000 pounds; and 1969— 9,060,000 pounds.

(2) Includes refined nickel, nickel oxide sinters, salts and chemicals, and rolled bars for electroplating.

Deliveries were severely curtailed in 1969 as a result of a strike at the Company's Ontario Division. This strike shut down 75% of Inco's basic production for 128 days, with pre-strike levels of deliveries being reached early in 1970.

In 1969, net sales revenue totalled $684,232,000 as compared with $767,330,000 in 1968, a decrease of $83,098,000 principally attributable to the strike. The effect of the strike on sales revenue was partially offset by better prices for nickel, copper and platinum and by the reduction of rolling mill inventories.

Operations

Mining

Inco has 12 producing mines, all located in Canada. Ten of these mines, nine underground and one open pit, are located in the Sudbury area of Ontario. This area, where nickel-bearing ore was discovered in 1883, is presently the free world's largest source of nickel. The sulphide ores in the Sudbury area are mined principally for their nickel and copper content, although iron, precious metals and other elements are also extracted.

The Company's other two producing mines, which are underground, are in the Thompson area of northern Manitoba. The ore in the Thompson area, which is also sulphide, is an important source of nickel. Inco's first mine in this area went into production in 1961 and the second in early 1969.

The 12 producing mines and their approximate current production rates of ore per mine day are set out below:

	Wet short tons
Ontario Division	
Frood-Stobie	30,000
Creighton	20,000
Clarabelle	10,000
Levack	8,000
Copper Cliff North	8,000
Murray	7,500
Crean Hill	5,000
Garson	5,000
Kirkwood	1,500
Maclennan	1,000
	96,000
Manitoba Division	
Thompson	8,000
Birchtree	4,000
	12,000
Total	108,000

At present the Company has under development the following seven new mines in Canada, all of which are scheduled to be in production by the end of 1972 at the indicated production rates of ore per mine day:

	Wet short tons
Ontario Division	
Little Stobie	8,000
Copper Cliff South	6,000
Coleman	4,000
Shebandowan	3,000
Totten* late 71	1,500
	22,500
Manitoba Division	
Pipe	16,000
Soab	4,000
	20,000
Total	42,500

except ... mid-72

*Mining of Totten No. 1 was completed in January 1970 and Totten No. 2 is now being developed for production in late 1971.

When the seven new mines are in production, Inco's indicated production per mine day from all its mines then in production will be approximately 150,000 tons of ore.

Ore Reserves

The following table sets forth the proven ore reserves of the Company in Ontario and Manitoba and their estimated nickel-copper content as of the dates indicated. All tonnages in this section are dry short tons.

December 31	Proven ore reserves (tons)	Nickel-copper content (tons)	Nickel-copper content as percentage of proven ore reserves
1965	306,203,000	9,274,000	3.03%
1966	324,870,000	9,480,000	2.92%
1967	357,570,000	9,800,000	2.74%
1968	370,970,000	10,010,000	2.70%
1969	379,580,000	10,130,000	2.67%

Of the 379,580,000 tons of proven ore reserves at December 31, 1969, 278,805,000 tons with a nickel content of 5,024,000 tons and a copper content of 3,260,000 tons were in the Company's producing mines, and 100,775,000 tons with a nickel content of 1,161,000 tons and a copper content of 685,000 tons were elsewhere, principally in mines under development. Of the foregoing proven ore reserves, 308,108,000 tons with a nickel content of 4,849,000 tons and a copper content of 3,841,000 tons were in Ontario, and 71,472,000 tons with a nickel content of 1,336,000 tons and a copper content of 104,000 tons were in Manitoba.

Inco estimates that the quantity of nickel and copper contained in its proven ore reserves at December 31, 1969 is in each case more than 25 times the quantity of nickel and copper contained in the ore mined by the Company during 1969 and 20 times that contained in the ore mined in 1968, a more representative year in view of the 1969 strike in the Company's Ontario Division. It is Inco's practice to report as proven ore reserves only blocks of ore which have been defined by drilling and sampling in sufficient detail to enable calculation of the number of tons of ore and its nickel and copper content.

In 1969 Inco mined a total of 15,109,000 tons of ore in Ontario with a nickel content of 1.02% and a copper content of .83% and a total of 3,198,000 tons of ore in Manitoba with a nickel content of 2.25% and a copper content of .15%. The average grade of ores mined by the Company is lower than that of ores included in Inco's reported proven ore reserves because, as part of Inco's normal mining practice, low grade ores are mined in each year which were not included in the Company's reported proven ore reserves at the end of the previous year.

As the mining of lower grade ores has become economic and as such ores have been added to the Company's proven ore reserves, the average grade of proven ore reserves, as well as the average grade of ore mined by Inco, has declined.

Concentrating, Smelting and Refining

The operations involved in turning nickel ore into commercial metal take place at concentrators, smelters and refineries; the ore is crushed and ground, the sulphides are separated and smelted to produce nickel matte, and the matte is treated to produce primary nickel products.

The Company's processing facilities include four concentrators, two nickel smelters, a copper refinery and an iron ore recovery plant in the Sudbury area, a concentrator and a nickel smelter and refinery at Thompson, nickel refineries at Port Colborne, Ontario and Clydach, Wales, and a precious metals refinery at Acton, England.

The Ontario ores are processed principally at the facilities in the Sudbury area and Port Colborne and the Manitoba ores at the integrated nickel-producing centre in Thompson. Among the products produced at these facilities are refined nickel, nickel oxide sinters and refined copper, as well as iron ore, gold, silver, selenium and tellurium.

Nickel pellets, nickel powders and nickel and cobalt salts and oxides are produced at Clydach, Wales.

Semi-refined platinum-group metals from the Ontario and Manitoba ores are processed at the Company's precious metals refinery at Acton, England to produce platinum, palladium, rhodium, ruthenium and iridium.

To handle increased ore production resulting from the mine development and expansion program in the Sudbury area, Inco recently began construction of a new concentrator and a new nickel refinery at Copper Cliff. The nickel refinery will have an annual capacity of 100 million pounds of nickel pellets and 25 million pounds of nickel powders. In addition, Inco is expanding or modernizing many of its surface facilities in Canada and the United Kingdom, including its nickel refineries at Thompson and Clydach and its Acton precious metals refinery.

Rolling Mills

In addition to primary nickel, Inco produces and markets nickel alloys. Over 60 different alloys are produced and marketed by the Company's Huntington, West Virginia and Hereford, England rolling

mill divisions. These divisions have their own sales staffs, supported by their own product development and market development groups, and their own research facilities where many of the alloys produced by the divisions were developed.

In 1969, the two rolling mill divisions delivered a total of 109,710,000 pounds of alloy products containing 72,230,000 pounds of nickel as compared with 1968 deliveries of 96,790,000 pounds of alloy products containing 65,320,000 pounds of nickel. The increase was accomplished, despite reduced deliveries of nickel to the mills, by sharp reductions in process and finished goods inventories.

Exploration

In 1969, the Company spent approximately $20 million on its exploration program in search of new sources of nickel, of which approximately 72% was spent in Canada.

Much of Inco's exploration activity is carried out in the vicinity of its operating mines in Ontario and Manitoba. It is as a result of such exploration that the Company now has under development new mines in these areas, as described under "Mining" on page 5.

There are two nickel-copper mineral deposits in the vicinity of the Sudbury area mines where Inco has exploratory shafts. In Minnesota, Inco is continuing exploration of copper-nickel occurrences.

The ores Inco has been mining in Canada are nickel-bearing sulphides. However, growing world consumption of nickel has led to an increasing recourse to lateritic ores. The Company is actively engaged in exploring lateritic occurrences and is examining the possibilities for their development in Guatemala, New Caledonia, Indonesia, Australia and elsewhere.

Inco is also investigating nickel-bearing nodules occurring in certain areas of the ocean floor as a potential source of nickel.

Expansion Projects Outside Canada

In Guatemala, an 80%-owned subsidiary has prepared plans for a 60 million pounds-per-year nickel mining and processing project. Progress has been made on preparation of the plant site and on preliminary mine development, and large-scale construction will begin when satisfactory arrangements have been completed with Guatemalan authorities. At June 30, 1970 Inco's investment in the Guatemala project amounted to approximately $25 million. The cost of the project has been estimated at approximately $205 million. However, on account of delays in the final approval of the project, the Company is preparing a revised cost estimate which may indicate an increase in cost in the order of 20%. The financing plan for the $205 million cost estimate calls for provision of $80 million by the Export-Import Bank of the United States, for which application has been made. Of the balance, Inco would provide or obtain approximately $85 million in addition to its present investment.

In March 1969, with the approval of the French Government, Inco entered into an agreement with La Société Auxiliaire Minière du Pacifique, a French corporation owned by public and private French interests, to explore and, if considered feasible, develop nickel deposits on the French Pacific island of New Caledonia. Under the agreement Inco has a 40% shareholding in Compagnie Française Industrielle et Minière du Pacifique ("Cofimpac"), the French company set up to develop the deposits. In its role as technical adviser to Cofimpac, Inco has recently submitted a feasibility study which will provide the basis for a decision by the partners in Cofimpac on proceeding with a major project. The Inco feasibility study recommends a 100 million pounds-per-year integrated nickel mining and processing project which would incorporate the Inco-developed Carbonyl Process for Laterites. If the recommended project, which is expected to cost approximately $480 million, is approved by the Cofimpac partners this year, development should commence immediately and production would be expected to begin in late 1974. If this project is proceeded with, under the agreement Inco would be obligated to finance or arrange for the financing of approximately 60% of the total cost and to take or guarantee the disposal of 50% of the nickel production capacity of the project, and Inco would be entitled to receive 50% of the profits of the project. At June 30, 1970 Inco's investment in the New Caledonia project amounted to approximately $14 million.

Research and Market Development

Inco maintains the most extensive nickel process and nickel product research facilities in the world.

It has process research laboratories at Sheridan Park near Toronto, Ontario and at Clydach, Wales. A complex of pilot plants is located at Port Colborne, Ontario where bulk ore samples can be subjected to

testing by a variety of processes and on a semi-industrial scale. These, together with the Company's central process development group, play a prime role in selecting new or improved processes for the Company's operations.

In addition to the research facilities referred to under "Rolling Mills" on page 7, the Company operates three laboratories devoted to research on the uses of nickel and nickel-containing materials at Sterling Forest, New York, Harbor Island, North Carolina and Birmingham, England. Significant recent developments by these laboratories include improved high-temperature alloys for jet engines and stainless steels for many industrial uses; nickel maraging and high-strength steels for aerospace and other engineering uses; 9% nickel steels for cryogenic uses involving the handling of liquefied gases at very low temperatures; and alloys for structural metal parts using nickel powders. Inco also maintains marketing and technical information offices in the major industrial centres of the world.

These activities, together with those of the Company's central research and market development groups, have been the major factor in defining the properties and potentials of nickel and in creating and expanding the markets for nickel-containing materials.

Over the past five years, Inco's expenditures on research and market development have averaged about $19 million per year.

Capital and Exploration Expenditures

In 1966, Inco commenced an approximately $1.1 billion capital expenditure program to modernize and expand its Canadian mining and processing facilities. At June 30, 1970 expenditures pursuant to this program amounted to $560 million. Upon completion, which is expected in 1972, the program will have increased the Company's annual nickel production capability by some 30% to approximately 600 million pounds and its copper production capability by more than 25% to approximately 420 million pounds.

During the five years ended December 31, 1969, capital and exploration expenditures were as follows:

	1965	1966	1967	1968	1969
			(thousands of dollars)		
Capital expenditures:					
Mines and mining plants	$19,451	$32,389	$ 63,691	$ 72,273	$ 65,997
Smelters	14,994	16,972	66,565	59,543	51,722
Refineries	7,741	8,237	6,505	8,840	21,970
Rolling mills	17,532	11,483	5,980	21,274	19,322
Other	3,019	3,956	2,964	13,454	16,171
Total capital expenditures	$62,737	$73,037	$145,705	$175,384	$175,182
Exploration expenditures:					
Included in capital expenditures above	$ 3,023	$ 1,240	$ 3,033	$ 4,678	5,514
Charged to costs and expenses	9,305	10,445	10,219	12,350	$ 14,382
Total exploration expenditures	$12,328	$11,685	$ 13,252	$ 17,028	$ 19,896

Inco's capital expenditures during 1970 are estimated at $250 million of which $111 million had been spent as at June 30, 1970. Of the total expenditures approximately $80 million is for expansion and development of its Ontario and Manitoba mines; $114 million for modernization of and additions to its Ontario and Manitoba concentrating, smelting and refining facilities; $34 million in the United Kingdom and the United States, principally for expansion or modernization of its refining and rolling mill facilities; and $22 million for other capital projects.

Pollution Control Measures

The Company has been cognizant of, and responsive to, the increasing importance of controlling pollutants of all types at its various operating locations. Its operations in the Sudbury area, because of their size and history, and the nature of the ores, represent Inco's most challenging pollution problem.

The Ontario Department of Energy and Resources Management, after discussions with the Company, recently issued an order requiring the Company to take certain measures to improve environmental quality control in the Sudbury area. Two of the requirements of this order are met by two projects previously announced by the Company. The first project, which involves the construction of a 1,250-foot chimney, the highest in the world, together with additional electrostatic precipitators, will serve the total Copper Cliff smelter complex and effectively diffuse the smelter gases to reduce sulphur dioxide to levels well below currently applicable standards adopted by the Department. The second project involves the installation of a new acid plant designed to reduce the quantity of sulphur dioxide emitted into the air by the iron ore recovery plant and the new nickel refinery at Copper Cliff. The cost of these and other pollution control projects currently under way and to be completed before December 31, 1972 is estimated at about $40 million.

The order also included further restrictions on the quantities of sulphur emitted by the Company's Sudbury operations to be effective in stages at dates specified in the order extending up to December 31, 1978. It is not possible at this time to make an estimate of what would be the cost to the Company of complying with these further restrictions.

Employees

At December 31, 1969 Inco employed 34,321 persons, including 25,434 in Canada, 4,591 in the United Kingdom, 3,893 in the United States, and 403 in other countries. The vast majority of Inco's hourly paid employees are represented by unions and covered by union contracts; none of the major Canadian contracts will expire until July 1972. In addition to the 128-day strike at the Ontario facilities in 1969, there was a four-month strike at the Clydach, Wales nickel refinery which was settled in January of this year.

The Canadian Government's Proposals for Tax Reform

Certain of the provisions contained in the Federal Government's proposals of November 7, 1969 for tax reform (commonly referred to as the "White Paper") would, if implemented as proposed, be detrimental to Inco, particularly after the expiration of the transitional periods specified in the proposals. The proposals to repeal the three-year tax holiday for new mines and to substitute an earned depletion concept for the present net profits depletion would, if implemented, result in Inco paying substantially more tax than it does under the present income tax system. In addition, certain of the White Paper proposals for taxing foreign source income could be detrimental to Inco's expansion projects outside Canada. The Company has made a submission to the two Parliamentary Committees which are studying the White Paper proposals with a view to making recommendations to Parliament.

Details of the Offering

The following is a brief summary of the material attributes and characteristics of the Debentures which does not purport to be complete and is qualified in its entirety by reference to the Trust Indenture referred to below. The term "Company" as used under this heading refers only to The International Nickel Company of Canada, Limited.

General

The Debentures will be issued under a trust indenture (the "Trust Indenture") to be dated as of October 1, 1970 and to be made between the Company and National Trust Company, Limited (the "Trustee"), and will be direct unsecured obligations of the Company ranking pari passu with the outstanding $150,000,000 principal amount of 6.85% Debentures. Additional unsecured indebtedness may be issued by the Company without limit as to principal amount.

The principal of and half-yearly interest (April 1 and October 1) on the Debentures will be payable in lawful money of Canada at any branch in Canada of the bank to be designated in the Debentures, at the holder's option. The Debentures will be issued as coupon Debentures registrable as to principal only in the denomination of $1,000 (Cdn.) and as fully registered Debentures in denominations of $1,000 (Cdn.) and multiples thereof.

Redemption

The Debentures will not be redeemable on or before October 1, 1985, in whole or in part, for other than sinking fund purposes, unless the Company shall have filed with the Trustee a certificate of the Company declaring that such Debentures are not being redeemed from or in anticipation of any proceeds of indebtedness for borrowed money directly or indirectly incurred or to be incurred by the Company or its subsidiaries or affiliates having an effective interest cost (determined in accordance with generally accepted financial practice) of less than 9¼% per annum. Subject to the foregoing, the Debentures will be redeemable prior to maturity, for other than sinking fund purposes, in whole at any time or in part from time to time at the option of the Company on not less than thirty days' notice at prices equal to the following percentages of the principal amount, together with accrued and unpaid interest to the date fixed for redemption:

If redeemed in the 12 months ending October 1	Percentage	If redeemed in the 12 months ending October 1	Percentage	If redeemed in the 12 months ending October 1	Percentage
1971	109.25	1978	105.40	1985	101.55
1972	108.70	1979	104.85	1986	101.00
1973	108.15	1980	104.30	1987	100.45
1974	107.60	1981	103.75	1988	100.00
1975	107.05	1982	103.20	1989	100.00
1976	106.50	1983	102.65	1990	100.00
1977	105.95	1984	102.10		

The Company will have the right to purchase Debentures in the market or by tender or by private contract at prices not exceeding the foregoing percentages of the principal amount thereof together with accrued and unpaid interest and costs of purchase.

Sinking Funds

The Company will covenant in the Trust Indenture to make payments to the Trustee, as and by way of a mandatory sinking fund, sufficient to retire on October 1 in each of the years 1976 to 1989 inclusive, $2,000,000 (Cdn.) principal amount of Debentures. Debentures purchased or redeemed by the Company other than for sinking fund purposes will be available to the Company as a credit equal to the principal amount thereof which may be applied to the satisfaction in whole or in part of mandatory sinking fund payments.

In addition to the mandatory sinking fund payments, the Company will have the right to make optional sinking fund payments to the Trustee, sufficient to retire on October 1, 1976 up to an additional $1,000,000 (Cdn.) principal amount of Debentures; up to $2,000,000 (Cdn.) on October 1 in each of the years 1977 to 1981 inclusive; up to $3,000,000 (Cdn.) on October 1 in each of the years 1982 to 1986 inclusive; and up to $4,000,000 (Cdn.) on October 1 in each of the years 1987 to 1989 inclusive.

The Debentures will be redeemable pursuant to the mandatory and optional sinking funds at the principal amount thereof plus accrued and unpaid interest to the date fixed for redemption.

Covenant

The Company will covenant in the Trust Indenture that it will not create, incur, assume or suffer to exist any mortgage, charge, lien or other encumbrance securing any indebtedness for borrowed money of or upon any Principal Property now owned or hereafter acquired by the Company unless the Debentures are effectively secured equally and rateably with such indebtedness. This covenant will not apply to (i) any mortgage, charge, lien or other encumbrance on any Principal Property hereafter acquired by the Company, created contemporaneously with or within 90 days after such acquisition, to secure all or part of the purchase price thereof, or (ii) the purchase of any Principal Property subject to any such mortgage, charge, lien or encumbrance, or (iii) the renewal or refunding of any mortgage, charge, lien or encumbrance referred to in (i) or (ii), or (iv) mortgages, charges, liens or encumbrances in favour of Canada or any Province thereof or the United States or any State thereof or any political subdivision, department, agency or instrumentality of any of them, to secure certain payments pursuant to contracts or statutes.

The term "Principal Property" will mean any mineral property, or any concentrator, smelter, refinery, rolling mill or similar processing or manufacturing plant or facility, of the Company located within Canada or the United States of America or its territories or possessions unless, in the opinion of the board of directors of the Company, it is not of material importance to the total business conducted by the Company and its subsidiaries as an entity. For this purpose, the term "subsidiaries" will include only subsidiaries substantially all of the properties of which are located, or substantially all of the businesses of which are carried on, in Canada or the United States of America or its territories or possessions.

Modification

The Trust Indenture will provide that modifications and alterations of such indenture and of the Debentures may be made if authorized by extraordinary resolution. The term "extraordinary resolution" will be defined in the Trust Indenture to mean, in effect, a resolution passed by the affirmative vote of the holders of 66⅔% in principal amount of the Debentures represented and voting at a meeting of Debenture holders or an instrument or instruments in writing signed by the holders of 66⅔% in principal amount of the Debentures.

Interest Requirements

After giving effect to this issue, the maximum annual interest requirements on all outstanding consolidated long-term debt of Inco will amount to $20,018,000 ($20,706,000 Cdn.*). Consolidated earnings of Inco before all interest and discount on long-term debt and after provision for income taxes of subsidiaries but before provision for income taxes of The International Nickel Company of Canada, Limited for the five years ended December 31, 1969 averaged $194,813,000 ($201,509,000 Cdn.*) per annum and amounted to $168,916,000 ($174,722,000 Cdn.*) in the year then ended, which amounts were sufficient to cover such maximum annual interest requirements 9.7 and 8.4 times respectively.

Net Tangible Asset Coverage

The consolidated net tangible assets of the Company as at June 30, 1970, after giving effect to this issue, were as follows:

	(in thousands)	
	U.S. dollars	Cdn. dollars*
Properties, plant and equipment, at cost	$1,551,650	$1,604,988
Less—accumulated depreciation, depletion and amortization	523,096	541,077
Net investment in properties, plant and equipment	1,028,554	1,063,911
Current assets less current liabilities (other than current portion of long-term debt)	351,056	363,124
Other assets	24,869	25,724
Net tangible assets (1)	1,404,479	1,452,759
Net proceeds of Debentures (this issue) approximately	71,468	73,925
Net tangible assets adjusted to give effect to this issue	$1,475,947	$1,526,684

(1) Provisions for future income taxes and insurance, operating purposes and exchange aggregating $208,130,000 (U.S.) reflected in the statement of consolidated assets and liabilities at June 30, 1970 have not been deducted in arriving at net tangible assets.

The adjusted consolidated net tangible assets of $1,475,947,000 are equivalent to $5,595 for each $1,000 of the $263,808,000 principal amount of long-term debt outstanding as at June 30, 1970 after giving effect to this issue.

*This translation to Canadian dollars at the rate of exchange on July 15, 1970 is for illustrative purposes and does not purport to represent translation to Canadian dollars at historical rates.

Directors and Senior Officers

The names, principal occupations and home addresses of the directors and senior officers of the Company are:

Directors

Name	Principal occupation	Address
William Conrad Bolenius	Former Vice Chairman of the Board, American Telephone and Telegraph Company	Cox Lane, Cutchogue, New York
Norris Roy Crump	Chairman, Canadian Pacific Railway Company	12 Kilburn Crescent, Hampstead, Quebec
Peter Duncan Curry	Chairman, The Investors Group	729 Wellington Crescent, Winnipeg, Manitoba
John James Deutsch	Principal, Queen's University	Queen's Campus, Kingston, Ontario
Lewis Williams Douglas	Honorary Chairman, Southern Arizona Bank and Trust Company and Chairman of the Executive Committee, The Mutual Life Insurance Company of New York	4755 East Fort Lowell Street, Tucson, Arizona
Albert Paul Gagnebin	President, The International Nickel Company of Canada, Limited	143 Grange Avenue, Fair Haven, New Jersey
James Roycroft Gordon	Director and Member of the Executive Committee, The International Nickel Company of Canada, Limited	"Rockcliffe", Candlewood Isle, New Fairfield, Connecticut
James Hassell Goss	President, A-T-O Inc.	1801 East 12th Street, Cleveland, Ohio
George Arnold Reeve Hart	Chairman, A Canadian chartered bank	1700 McGregor Street, Montreal, Quebec
John Kenneth Jamieson	Chairman, Standard Oil Company (New Jersey)	1310 Flagler Drive, Mamaroneck, New York
Allen Thomas Lambert	Chairman and President, A Canadian chartered bank	483 Russell Hill Road, Toronto, Ontario
Donald Hamilton McLaughlin	Chairman of the Executive Committee, Homestake Mining Company	1450 Hawthorne Terrace, Berkeley, California
Robert Samuel McLaughlin	Chairman, General Motors of Canada Limited	"Parkwood", Oshawa, Ontario
Harold Charles Featherston Mockridge	Barrister, Partner of Osler, Hoskin & Harcourt	492 Russell Hill Road, Toronto, Ontario
The Rt. Hon. Lord Nelson of Stafford	Chairman, The General Electric and English Electric Companies, Limited	19 Acacia Road, St. John's Wood, London, England

Name	Principal occupation	Address
JAMES CRAWFORD PARLEE	Senior Executive Vice President, The International Nickel Company of Canada, Limited	10 South Road, Bronxville, New York
ELLMORE CLARK PATTERSON	President, Morgan Guaranty Trust Company of New York	Hook Road, Bedford Village, New York
SIR RONALD LINDSAY PRAIN	Chairman, RST Group of Companies	"Waverley", Granville Road, St. George's Hill, Weybridge, Surrey, England
GEORGE TAYLOR RICHARDSON	President, James Richardson & Sons, Limited	Briarmeade, Lot 197, St. Mary's Road, St. Germain, Manitoba
LUCIEN GILBERT ROLLAND	President, Rolland Paper Company, Limited	90 Summit Circle, Westmount, Quebec
GEORGE CLOUGH SHARP	Lawyer, Partner of Sullivan & Cromwell	Cantitoe Corners, Katonah, New York
IVOR DONALD SIMS	Executive Vice President and Director, Bethlehem Steel Corporation	1723 Cloverleaf Street, Bethlehem, Pennsylvania
THE RT. HON. VISCOUNT WEIR	Chairman, The Weir Group Limited	"Montgreenan", Kilwinning, Ayrshire, Scotland
HENRY SMITH WINGATE	Chairman of the Board, The International Nickel Company of Canada, Limited	520 East 86th Street, New York, New York
SAMUEL HARRY WOOLLEY	Chairman, The Bank of New York	Old Wood Road, Morris Plains, New Jersey

Senior Officers

Name	Office	Address
HENRY SMITH WINGATE	Chairman of the Board and Chief Officer	520 East 86th Street, New York, New York
ALBERT PAUL GAGNEBIN	President	143 Grange Avenue, Fair Haven, New Jersey
JAMES CRAWFORD PARLEE	Senior Executive Vice President	10 South Road, Bronxville, New York
RICHARD AYLETT CABELL	Executive Vice President	Post Office Road, Waccabuc, New York
FRED FOSTER TODD	Executive Vice President	2 Ennisclare Drive, Oakville, Ontario
CHARLES FITZ BAIRD	Vice President—Finance	109 Forest Drive, Short Hills, New Jersey
LOUIS EDWARD GRUBB	Vice President	Flat 2, St. John's House, 30 Smith Square, London, England
JOHN OLIVER HITCHCOCK	Vice President—International Marketing	"High House", Underriver, Near Sevenoaks, Kent, England.

Name	Office	Address
WILLIAM FRITZ KENNEDY	Secretary	200 East 66th Street, New York, New York
JOHN ALBERT MARSH	Vice President	268 Watchung Fork, Westfield, New Jersey
FELIX MARTIN ALFRED NOBLET	Treasurer	49 Stony Brook Road, Darien, Connecticut
JOHN HALL PAGE	Assistant to the Chairman	395 West Neck Road, Huntington, New York
HOMER FRANKLIN ZURBRIGG	Vice President—Exploration	1070 Ledgewood Road, Mountainside, New Jersey
LOUIS SECONDO RENZONI	Vice President—Special Technical Projects	5 Wyegate Court, Willowdale, Ontario
WILLIAM STEVEN	Vice President—Process Research and Technology	78 Forest Grove Drive, Willowdale, Ontario
GLENN H CURTIS	Vice President and Chief Engineer	77 Dawlish Avenue, Toronto, Ontario
STEPHEN FRED BYRD	Vice President—Industrial Relations and Personnel	47 Ridge Drive, Toronto, Ontario
WILLIAM JOHN GOULD	Comptroller	25 Oak Street, Tenafly, New Jersey
JOHN MCCREEDY	Vice President	76 Hillside Crescent, Thompson, Manitoba
HENRY WILLIAM PETERSON	Vice President	Unit 11A, Hopewood Gardens, 13-19 Thornton Street, Darling Point, New South Wales, Australia
JOHN ARTHUR PIGOTT	Vice President	29 Park Street, Copper Cliff, Ontario
DEAN DONALD RAMSTAD	Vice President	1035 Park Avenue, New York, New York
ASHBY MCCULLOCH SUTHERLAND	Vice President	51 rue de l'Université, Paris, France

During the last five years all of the directors and senior officers have been employed in various capacities by the companies or firms, including their affiliates and predecessors, indicated opposite their names, except Peter D. Curry who was President of Peter D. Curry & Co., Ltd. prior to October 1, 1969; J. J. Deutsch who was Professor of Economics and Principal-Elect at Queen's University from September 1967 to September 1968, and prior thereto was Chairman of the Economic Council of Canada; J. H. Goss who was Vice President and Consultant to the President of General Electric Company from 1967 to 1968 and prior thereto was Vice President and Group Executive of General Electric Company; C. F. Baird, who was an employee of the U.S. Government from February 1966 to January 1969, as Assistant Secretary of the Navy (Financial Management) until July 1967 and as Under Secretary of the Navy thereafter, and who prior to February 1966 was Assistant Treasurer, Standard Oil Company (New Jersey); J. H. Page who prior to September 1965 was Executive Vice President, Free Europe Committee, Inc. (Radio Free Europe); G. H Curtis who prior to June 1968 was President and a director of Stone & Webster Canada Limited; and, S. F. Byrd who prior to September 1968 was Vice President—Employee Relations, Industrial Chemicals Division of Allied Chemical Corporation.

Directors and senior officers of the Company, as a group, beneficially owned, directly or indirectly, less than 1% of the outstanding common shares of the Company as at July 15, 1970.

At July 15, 1970 the partners of Messrs. Osler, Hoskin & Harcourt beneficially owned, directly or indirectly, 11,874 common shares of the Company.

Remuneration of Directors and Senior Officers

The aggregate direct remuneration paid by the Company and its subsidiaries to the directors and senior officers of the Company was $2,282,000 for the year ended December 31, 1969 and $1,506,000 for the six and one-half months ended July 15, 1970.

The estimated aggregate amount of the annual pension benefits which would be paid by the Company and its subsidiaries to the senior officers of the Company as a group, in the event of their retirement at normal retirement age and calculated on the assumption that the remuneration of the senior officers continued at the rate in effect at the end of the 1969 year, is $924,700.

Pursuant to the Key Employees Incentive Plan adopted in 1968, the board of directors may award supplemental compensation to key employees of the Company and its subsidiaries and affiliates in an annual amount not in excess of 2% of the consolidated earnings of the Company before income taxes plus the unawarded portion of such amount from the preceding year. Such awards may be made in, or in commitments to deliver, cash, shares of the Company, "share units" (commitments to deliver shares or cash equal to the value of shares at some future date or dates, together, if so provided, with amounts equal to the dividends and other distributions paid on such shares) or in some other appropriate form. Disregarding the effect of restrictions and delayed delivery provisions contained in the awards, the aggregate remuneration to the senior officers of the Company from the granting of supplemental compensation awards (excluding cash awards which are included in aggregate direct remuneration above) by the Company and its subsidiaries was $436,000 during the year ended December 31, 1969 and $309,000 during the six and one-half months ended July 15, 1970. Annual supplemental compensation awards are normally made in full during the first six months of the year.

Reference is also made to Note 12 on page 23 for further information relating to the Key Employees Incentive Plan.

Options to Purchase Shares

The Key Employees Stock Option Plan of the Company terminated on May 6, 1968 with respect to common shares not then subject to option. The following table sets out particulars with respect to options outstanding on July 15, 1970 under this Plan (after giving effect to the subdivision of shares on a 2½ for 1 basis in 1968):

Held by senior officers of the Company	Held by senior officers of subsidiaries	Held by other employees of the Company	Held by other employees of subsidiaries	Held by former employees(1)	Exercise price per share	Market value per share at date of grant(2)	Date of grant	Expiry date
—	580	976	3,917	—	$25.20	$26.50	Mar. 14, 1961	Mar. 13, 1971
27,325	7,808	3,635	18,675	750	29.00	30.48	Nov. 21, 1961	Nov. 20, 1971
1,887	925	800	8,693	—	23.40	24.60	Dec. 18, 1962	Dec. 17, 1972
27,875	5,113	—	13,538	1,000	32.70	32.65	Aug. 23, 1966	Aug. 22, 1971
41,625	5,875	28,350	21,275	500	32.70	32.65	Aug. 23, 1966	Aug. 22, 1976

Under the Key Employees Incentive Plan adopted in 1968, options may be granted to key employees of the Company and its subsidiaries to purchase up to 1,000,000 common shares of the Company. The purchase price upon the exercise of each option is not less than the market value of the shares on the date the option is granted. The following table sets out particulars with respect to the options outstanding on July 15, 1970 under this Plan:

Held by senior officers of the Company	Held by senior officers of subsidiaries	Held by other employees of the Company	Held by other employees of subsidiaries	Held by former employees(1)	Market value at date of grant—Exercise price per share(2)	Date of grant	Expiry date
80,500	—	—	2,000	750	$37.75	Feb. 18, 1969	Feb. 17, 1974
106,500	—	—	2,000	—	37.75	Feb. 18, 1969	Feb. 17, 1979
4,750	10,000	—	15,500	—	37.44	Apr. 15, 1969	Apr. 14, 1974
16,750	30,000	58,850	45,125	125	37.44	Apr. 15, 1969	Apr. 14, 1979
—	—	—	3,000	—	35.19	Aug. 4, 1969	Aug. 3, 1979
19,500	5,000	—	4,000	—	45.88	Apr. 6, 1970	Apr. 5, 1975
12,500	11,500	22,500	11,900	—	45.88	Apr. 6, 1970	Apr. 5, 1980

(1) Senior officers or employees of the Company and its subsidiaries who have retired or their estates.
(2) At July 15, 1970, closing market price per common share was $37.875.

Material Contracts

Particulars of material contracts entered into by Inco within the two years preceding the date hereof, other than contracts in the ordinary course of business, are as follows:

(i) agreement dated March 14, 1969 between Inco and La Société Auxiliaire Minière du Pacifique, Société Anonyme referred to under "Expansion Projects Outside Canada" on page 8; and

(ii) agreement referred to under "Plan of Distribution" below.

Copies of these agreements and of the Trust Indenture to be made as of October 1, 1970, when executed, may be inspected at the Company's office at the Toronto Dominion Tower, Toronto-Dominion Centre, Toronto, Ontario, during ordinary business hours at any time during the period of primary distribution to the public of the securities offered by this prospectus and for a period of 30 days thereafter.

Plan of Distribution

Under an agreement dated August 26, 1970 between the Company and Wood Gundy Securities Limited, as underwriter, the Company has agreed to sell and the underwriter has agreed to purchase on October 1, 1970 the $75,000,000 (Cdn.) principal amount of Debentures at a price equal to 98.70% of the principal amount thereof plus accrued interest, if any, from October 1, 1970 to the date of delivery, payable in cash to the Company against delivery of such Debentures. The agreement provides that the obligations of the underwriter are subject to the satisfaction of certain terms and conditions and that the underwriter may, in the circumstances described in the agreement, terminate its obligations within four business days following the date upon which the Debentures are qualified for sale in all provinces of Canada. The underwriter is obligated to take up and pay for all of the Debentures if any of such Debentures are purchased.

Auditors, Transfer Agents and Registrars

The auditors of the Company are Price Waterhouse & Co., P.O. Box 51, Toronto-Dominion Centre, Toronto, Ontario and 60 Broad Street, New York, New York.

The transfer agents for the common shares of the Company are Canada Permanent Trust Company, Toronto; The Royal Trust Company, Montreal; Morgan Grenfell & Co., London, England; and Bankers Trust Company, New York, New York. The registrars for such common shares are Montreal Trust Company at its principal offices in Toronto and Montreal; Morgan Guaranty Trust Company of New York, New York; and Lloyds Bank Limited, London, England.

The registers for the Debentures will be maintained at the principal office of National Trust Company, Limited in Montreal, Toronto, Winnipeg and Vancouver.

Dividend Record

The Company has paid dividends on its outstanding shares (after giving effect to the subdivision of shares on a 2½ for 1 basis in 1968) in respect of its last five fiscal years as follows:

	1965	1966	1967	1968	1969
Per share	$1.22	$1.12	$1.20	$1.23	$1.20
Total amount (thousands of dollars)	$90,311	$83,059	$89,104	$91,475	$89,282

The International Nickel Company of Canada, Limited
and Wholly Owned Subsidiaries

Statement of Consolidated Earnings
(Expressed in thousands of U.S. dollars)

	Year ended December 31					Six months ended June 30	
	1965	1966	1967	1968	1969	1969 (unaudited)	1970 (unaudited)
Net sales (Note 2)	$634,807	$694,122	$713,157	$767,330	$684,232	$427,607	$540,775
Costs and expenses							
Costs	343,188	453,096	435,657	471,473	432,441	258,702	319,881
Selling, general and administrative expenses	30,323	31,617	33,984	36,573	39,946	16,619	25,832
	373,511	484,713	469,641	508,046	472,387	275,321	345,713
Operating earnings before items shown below	261,296	209,409	243,516	259,284	211,845	152,286	195,062
Other income (Note 3)	8,201	9,218	8,187	13,992	21,072	8,787	4,950
	269,497	218,627	251,703	273,276	232,917	161,073	200,012
Provision for							
Taxes based on income (Note 8)	93,455	69,024	78,259	86,837	57,698	51,912	66,941
Depreciation and depletion (Note 7)	26,532	26,173	26,140	29,255	33,467	16,069	18,660
Pension plans (Note 10)	5,716	5,260	5,552	6,912	11,783	5,903	4,518
Interest expense (Notes 9 and 13)	—	—	—	6,527	13,426	6,608	7,484
	125,703	100,457	109,951	129,531	116,374	80,492	97,603
Net earnings	$143,794	$118,170	$141,752	$143,745	$116,543	$ 80,581	$102,409

Statement of Consolidated Retained Earnings and Capital Gains Employed in the Business
(Expressed in thousands of U.S. dollars)

	Year ended December 31					Six months ended June 30	
	1965	1966	1967	1968	1969	1969 (unaudited)	1970 (unaudited)
Balance at beginning of period	$572,455	$625,938	$661,049	$713,697	$765,967	$765,967	$793,228
Net earnings	143,794	118,170	141,752	143,745	116,543	80,581	102,409
	716,249	744,108	802,801	857,442	882,510	846,548	895,637
Dividends paid on common shares	90,311	83,059	89,104	91,475	89,282	44,639	44,659
Balance at end of period	$625,938	$661,049	$713,697	$765,967	$793,228	$801,909	$850,978

See accompanying Notes to Consolidated Financial Statements.

The International Nickel Company of Canada, Limited
and Wholly Owned Subsidiaries

Statement of Consolidated Working Capital
(Expressed in thousands of U.S. dollars)

	Year ended December 31					Six months ended June 30	
	1965	1966	1967	1968	1969	1969 (unaudited)	1970 (unaudited)
Working capital at beginning of period	$342,038	$375,175	$373,563	$320,984*	$430,830	$430,830	$356,275
Additions:							
Net sales	634,807	694,122	713,157	767,330	684,232	427,607	540,775
Proceeds from long-term debt	—	—	—	178,300	13,000	13,000	—
Other income	8,201	9,218	8,187	13,992	21,072	8,787	4,950
Issues of shares under stock option plan	3,987	2,361	4,118	1,012	820	435	779
Other—net increase (decrease)	(492)	(4,623)	2,821	(6,641)	5,957	2,727	739
	646,503	701,078	728,283	953,993	725,081	452,556	547,243
Deductions:							
Costs and expenses, pension provision and interest on long-term debt (net of provisions for insurance and operating purposes)	377,563	488,670	470,218	520,251	498,188	288,144	357,535
Taxes based on income (less provision for future taxes)	82,755	57,924	55,959	57,037	29,998	35,212	46,041
Capital expenditures	62,737	73,037	145,705	175,384	175,182	90,964	111,213
Dividends paid on common shares	90,311	83,059	89,104	91,475	89,282	44,639	44,659
Current portion of long-term debt	—	—	—	—	6,986	—	—
	613,366	702,690	760,986	844,147	799,636	458,959	559,448
Working capital at end of period	$375,175	$373,563	$340,860	$430,830	$356,275	$424,427	$344,070

*After $19,876 reclassification, primarily miscellaneous securities, from current to non-current assets.

See accompanying Notes to Consolidated Financial Statements.

The International Nickel Company of Canada, Limited
and Wholly Owned Subsidiaries

Consolidated Assets and Liabilities
(Expressed in thousands of U.S. dollars)

Assets

	December 31, 1969	June 30, 1970 (unaudited)
CURRENT ASSETS:		
Cash	$ 24,008	$ 24,426
Government and other securities, at cost, which approximates market (Note 4)	136,499	80,051
Accounts receivable, less provision for doubtful accounts	92,072	182,654
Inventories of finished and in process metals, and supplies (Note 5)	248,526	254,953
Prepaid expenses	3,400	4,738
	504,505	546,822
SECURITIES HELD FOR PENSION PLANS, at cost, which approximates market	11,308	12,159
OTHER ASSETS:		
Miscellaneous securities at or below cost	16,879	17,222
Charges to future operations	4,326	7,647
	21,205	24,869
PROPERTIES, PLANT AND EQUIPMENT (Note 6)	1,444,437	1,551,650
Less—Depreciation and depletion (Note 7)	504,436	523,096
	940,001	1,028,554
	$1,477,019	$1,612,404

Liabilities

	December 31, 1969	June 30, 1970 (unaudited)
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 104,251	$ 132,840
Long-term debt due within one year (Note 9)	6,986	6,986
Taxes based on income (Note 8)	36,993	62,926
	148,230	202,752
LONG-TERM DEBT (Note 9)	184,314	184,314
PROVISIONS FOR:		
Future income taxes (Note 8)	159,800	180,700
Pension plans (Note 10)	11,308	12,159
Insurance, operating purposes and exchange (Note 11)	26,847	27,430
	197,955	220,289
SHAREHOLDERS' EQUITY (Note 12):		
Common shares, without nominal or par value:		
Authorized — 90,000,000 shares		
Issued — 74,415,688 shares at December 31, 1969	92,256	—
— 74,444,927 shares at June 30, 1970	—	93,035
Capital surplus	61,036	61,036
Retained earnings and capital gains employed in the business	793,228	850,978
	946,520	1,005,049
	$1,477,019	$1,612,404

Approved on behalf of the Board of Directors:

(Signed) HENRY S. WINGATE, Director (Signed) JAS. C. PARLEE, Director

See accompanying Notes to Consolidated Financial Statements.

The International Nickel Company of Canada, Limited
and Wholly Owned Subsidiaries

Notes to Consolidated Financial Statements

NOTE 1—GENERAL

The consolidated financial statements include the accounts of the Company and wholly owned subsidiaries in Canada, the United Kingdom, the United States and other countries. A few small subsidiaries are not consolidated. Such subsidiaries considered in the aggregate are not material.

The financial statements are expressed in United States currency, translations from other currencies having been made at applicable rates and in accordance with the Company's regular accounting practice. Current assets, current liabilities, securities held for pension plans and provisions for pension plans are translated at rates of exchange at December 31, 1969 and June 30, 1970 as applicable. The translation of all other assets and liabilities is made at rates which generally recognize the rates historically applicable. Income, costs and expenses are translated at average rates prevailing during each period except for depreciation and depletion which are translated at historical rates. Exchange adjustments resulting from the translation of items in currencies other than United States currency are applied to the accumulated provision for exchange.

NOTE 2—NET SALES

Net sales are summarized as follows (in thousands):

	Year ended December 31					Six months ended June 30	
	1965	1966	1967	1968	1969	1969	1970
						(unaudited)	(unaudited)
Primary nickel	$342,836	$348,673	$354,563	$399,967	$326,967	$212,511	$295,403
Rolling mill products	133,965	158,116	158,942	162,225	195,265	99,692	119,338
Refined copper	98,116	130,233	144,712	150,539	109,131	87,689	104,173
Precious metals	33,345	33,453	33,080	36,615	33,813	18,970	12,366
All other	26,545	23,647	21,860	17,984	19,056	8,745	9,495
	$634,807	$694,122	$713,157	$767,330	$684,232	$427,607	$540,775

NOTE 3—OTHER INCOME

Other income included in earnings comprised (in thousands):

	Year ended December 31					Six months ended June 30	
	1965	1966	1967	1968	1969	1969	1970
						(unaudited)	(unaudited)
Interest	$7,863	$8,428	$7,442	$11,698	$18,882	$7,773	$4,727
Dividends	335	360	339	386	525	172	223
Net gain on disposal of assets	3	430	406	1,908	1,665	842	—
Total	$8,201	$9,218	$8,187	$13,992	$21,072	$8,787	$4,950

NOTE 4—SECURITIES

Government and other securities comprised (in thousands):

	December 31, 1969	June 30, 1970
		(unaudited)
Time deposits	$113,416	$62,218
Government and prime commercial securities, maturing within twelve months	23,083	17,833
Total government and other securities	$136,499	$80,051

NOTE 5—INVENTORIES

Inventories included in current assets comprised (in thousands):

	December 31, 1969	June 30, 1970
		(unaudited)
Metals, finished and in process	$ 196,728	$201,332
Supplies	51,798	53,621
Total inventories	$248,526	$254,953

Following the Company's regular accounting practice, inventories are valued at the lower of cost or market prices; cost for metals is production or purchase cost, and for supplies is average purchase cost. Inventory quantities were adjusted from time to time throughout the period to reflect physical stock-takings.

NOTE 6—PROPERTIES, PLANT AND EQUIPMENT

The properties and other assets of the consolidated companies are predominantly in Canada. Properties, plant and equipment are summarized as follows (in thousands):

	December 31, 1969	June 30, 1970
		(unaudited)
Mines and mining plants	$ 598,193	$ 643,136
Smelters	434,113	464,433
Refineries	147,962	163,944
Rolling mills	198,156	206,576
Other	66,013	73,561
	$1,444,437	$1,551,650

Substantially all of the above assets are stated at cost. Such cost in the case of the Company's mines—virtually all of which were discovered and developed by the Company and not purchased from others—represents, with relatively minor exceptions, only that part of related development and acquisition costs that was capitalized.

NOTE 7—DEPRECIATION AND DEPLETION

Provisions for depreciation and depletion have been made consistent with a policy which, in the judgment of the management, will result in accumulated provisions adequate to offset, at the expiration of the estimated economic lives of the properties, the recorded cost of the investment in properties, plant and equipment. This policy is supported by studies made periodically of such lives of the properties. The provisions for depreciation for the periods 1965 through June 30, 1970 were generally computed on a straight-line method and depletion on a declining balance basis. Depletion is based on recorded cost and does not represent the "in place" value of the ore consumed during the periods or the amount by which the value of the Company's ore reserves would have decreased through operations if new ore reserves had not been proven up to replace them.

The established policy is to charge to operating costs maintenance, repairs and renewals of certain property units, such as rebuilding and relining of furnaces and replacing of mill rolls. Betterments to and extensions of existing facilities are charged to the property account.

Properties retired or otherwise disposed of were charged (cost less recoveries) to accumulated depreciation.

NOTE 8—TAXES BASED ON INCOME

The provisions for taxes based on income reflect tax exempt earnings for Canadian mines under the three-year "new mines" exemption provided by the Canadian Income Tax Act and in 1969 non-recurring tax refunds relating to prior years. The "new mines" exemption expired for the Clarabelle open pit mine in April 1965, the Crean Hill mine in August 1967, the Maclennan mine in April 1968 and the Totten No. 1 mine in January 1969.

As a result of tax regulations of Canada, the United Kingdom and the United States, certain timing differences exist in the reporting of deductions for book and tax purposes, primarily depreciation. Therefore, taxes based on income in the Statement of Consolidated Earnings includes net provisions for deferred taxes totalling $10,700,000 in 1965, $11,100,000 in 1966, $22,300,000 in 1967, $34,800,000 in 1968 of which $5,000,000 relates to items of a current nature, $34,100,000 in 1969 of which $6,400,000 relates to items of a current nature and $20,951,000 in the first six months of 1970 of which $51,000 relates to items of a current nature.

NOTE 9—LONG-TERM DEBT

Outstanding long-term debt of the Company and its consolidated subsidiaries consists of the following at both December 31, 1969 and June 30, 1970:

Debentures, 6.85%, due 1993	$150,000,000
Bank loan, 8.5% at December 31, 1969 and 8% at June 30, 1970	25,000,000
Other loans: Swiss Francs 40,000,000, 6.25%, due October 15, 1973	9,314,000
Swiss Francs 30,000,000, 6.50%, due October 31, 1970	6,986,000
	191,300,000
Less—Long-term debt due within one year (Swiss Francs 30,000,000)	6,986,000
	$184,314,000

Sinking fund payments calculated to retire 76% of the 6.85% debentures prior to maturity are required in annual instalments of $6,000,000 in 1979 through 1983, $8,000,000 in 1984 through 1988 and $11,000,000 in 1989 through 1992. Additional payments into the sinking fund, not exceeding in any year the amount required as above, may be made at the option of the Company. Debentures retired through the operation of the sinking fund are callable at par. The Company has the option to make further retirements at redemption prices ranging progressively downward from 106.5% at December 31, 1969 and 106.15% at June 30, 1970 to 100% in 1990.

Under the terms of a credit agreement entered into during 1968, a subsidiary of the Company is entitled to borrow a maximum of $75,000,000 against 90-day revolving credit notes having a final maturity not later than December 31, 1970. The notes bear interest at the prime commercial rate in New York, existing at the time of each borrowing, and a fee of ¼ of 1% per annum is payable on the unused portion of the total commitment. At December 31, 1969 and June 30, 1970, $25,000,000 of such notes were outstanding. On December 31, 1970, the subsidiary at its option may convert the commitment, in whole or in part, to term notes payable in nine equal consecutive semi-annual instalments, commencing June 30, 1971, with interest at ¼ of 1% per annum above the prime commercial rate in New York in effect throughout the period of the term loan.

NOTE 10—PENSION PLANS

The Company's Retirement System and other pension plans (the Plans) provide service and disability pensions and other benefits for member employees. Except for the contributory pension plan covering member employees in the United Kingdom, the Plans are financed wholly by the Company and its principal subsidiaries. Trust funds have been established to implement

the Plans. The annual contributions to the Plans, which are computed actuarially, are based on the earnings experience of the assets of the Plans and on the number of employees in the case of hourly paid employees in Canada and on the aggregate of regular salaries and wages in the case of other employees. The formula for calculating pension and other benefits under the Plans is based, in the case of hourly paid employees in Canada, on years of service and, in the case of other employees, on years of service and average final fixed remuneration. Normal retirement age for service pension is 65. Provision has been made for all significant past service costs. Pension plan costs for the five years ended December 31, 1969 and the six months ended June 30, 1969 and 1970 are set forth in the Statement of Consolidated Earnings and the provision for certain pension plan benefits payable directly by the Company is shown separately in the statement of Consolidated Assets and Liabilities.

In addition to assets held in trust funds by trustees under Company pension plans, the Company held securities having a cost, which approximates market value, of $11,308,000 at December 31, 1969 and $12,159,000 at June 30, 1970, representing the amount set aside for pension plan benefits payable directly by the Company.

NOTE 11—PROVISIONS FOR INSURANCE, OPERATING PURPOSES AND EXCHANGE

Changes in these provisions during the periods were as follows (in thousands):

	Year ended December 31					Six months ended June 30	
	1965	1966	1967	1968	1969	1969 (unaudited)	1970 (unaudited)
Balance at beginning of period	$25,148	$25,307	$26,006	$31,818*	$29,440	$29,440	$26,847
Net provision (charge) for the period:							
Self-insurance	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 500	$ 500
Operating purposes	664	303	3,975	234	(1,592)	(812)	(320)
Exchange	(1,505)	(604)	683	(3,612)	(2,001)	(1,220)	403
	$ 159	$ 699	$ 5,658	$ (2,378)	$ (2,593)	$ (1,532)	$ 583
The period-end provisions are:							
Self-insurance	$12,000	$13,000	$14,000	$15,000	$16,000	$15,500	$16,500
Operating purposes	6,543	6,846	10,821	11,209	9,616	10,397	9,296
Exchange	6,764	6,160	6,843	3,231	1,231	2,011	1,634
Balance at end of period	$25,307	$26,006	$31,664	$29,440	$26,847	$27,908	$27,430

*After minor reclassifications.

NOTE 12—SHAREHOLDERS' EQUITY

The Key Employees Stock Option Plan, ratified by shareholders at the Annual Meeting on April 24, 1957, authorized the granting of options on 1,750,000 unissued common shares at prices not less than 95% of the fair market value on the day the options were granted. The options are exercisable in instalments beginning not earlier than one year after date of grant over a period not exceeding ten years from the date of grant. The plan was terminated in 1968 except as to options then outstanding, and no further options may be granted thereunder.

At December 31, 1969 approximately 139 key employees in Canada, the United Kingdom and the United States held options to purchase 251,836 shares as follows:

		Option price		Fair market value at date of grant	
Date of grant	Number of shares	Per share	Total	Per share	Total
April 1960	5,750	$19.90	$ 114,000	$20.99	$ 121,000
March 1961	8,733	25.20	220,000	26.50	231,000
November 1961	69,552	29.00	2,017,000	30.48	2,120,000
December 1962	16,617	23.40	389,000	24.60	409,000
August 1966	151,184	32.70	4,944,000	32.65	4,936,000

The Key Employees Incentive Plan, ratified by shareholders at the Special General Meeting on July 17, 1968, authorizes the granting of options to purchase up to 1,000,000 common shares at prices not less than 100% of their market value, pursuant to the Plan, on the day the option is granted. The Plan provides that no shares subject to option shall be purchasable prior to the expiration of one year after the date of grant nor after a period not exceeding ten years from the date of grant.

During 1969 options were granted for 389,700 shares and options for 4,500 shares were terminated. At December 31, 1969 there were 614,800 shares available for future grants of options and 385,200 shares were subject to outstanding options as follows:

		Option price	
Date of grant	Number of shares	Per share	Total
February 1969	197,000	$37.75	$7,437,000
April 1969	185,200	37.44	6,934,000
August 1969	3,000	35.19	106,000

The Plan, which is administered by a Committee of three or more Directors who are not eligible to participate in the Plan, also authorizes awards of supplemental compensation in respect of each year beginning with the year 1968 up to an aggregate amount not in excess of the "Incentive Fund" for such year. The amount of the Incentive Fund for each year is determined by the Board of Directors of the Company from time to time prior to the end of the following year, provided that the

amount so determined shall not exceed an amount equal to 2% of the sum of the consolidated net earnings and provision for taxes based on income as set forth in the financial statements in the Annual Report of the Company for that year, plus an additional amount equal to any excess of the Incentive Fund for the preceding year over the amount of the awards made for that year, except that such additional amount shall in no event exceed the total amount of awards for the preceding year. Such awards may be made in, or in commitments to deliver, cash, shares of the Company, "share units" or such other kind or form of compensation as may, in the judgment of the Committee, be best calculated to further the purposes of the Plan, all on such terms and subject to such conditions as the Committee may determine.

The Incentive Fund for 1968 was determined to be $2,500,000 and during 1969 awards of supplemental compensation totalling $1,505,000 were made.

Capital surplus has remained unchanged since 1955. It includes $11,664,000 representing the amount received in 1930 for common shares in excess of the capital value assigned thereto, this amount being "distributable surplus" as defined by the Canada Corporations Act.

Note 13—Interest Coverage

Consolidated earnings before all interest and discount on long-term debt and after provision for income taxes of subsidiary companies but before provision for income taxes of The International Nickel Company of Canada, Limited are as follows (in thousands):

6 months ended June 30	
1970	$163,282
1969	130,967
Year ended December 31	
1969	$168,916
1968	220,259
1967	199,618
1966	170,270
1965	215,000

Note 14—New Financing

The Company has entered into an agreement for sale to an underwriter of $72,508,000 ($75,000,000 Cdn.) principal amount of 9¼% Debentures maturing October 1, 1990 for a total consideration of $71,565,000 ($74,025,000 Cdn.) before deducting legal, auditing, printing and miscellaneous expenses in connection with the issue estimated at $96,677 ($100,000 Cdn.). In this translation to United States dollars, the rate of exchange at July 15, 1970 has been used.

Auditors' Report

To the Board of Directors,

The International Nickel Company of Canada, Limited:

We have examined the statement of consolidated assets and liabilities of The International Nickel Company of Canada, Limited and wholly owned subsidiaries as at December 31, 1969 and the statements of consolidated earnings, consolidated retained earnings and capital gains employed in the business and consolidated working capital for the five years then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of The International Nickel Company of Canada, Limited and wholly owned subsidiaries as at December 31, 1969 and the results of their operations and the changes in working capital for the five years then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

August 26, 1970 (Signed) Price Waterhouse & Co.

Certificates

Dated: August 26, 1970

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act, 1968 (Manitoba) and the regulations thereunder, by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, under the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick).

(Signed) Henry S. Wingate
Chairman and Chief Officer

(Signed) Charles F. Baird
Vice President—Finance

On behalf of the Board of Directors

(Signed) Jas. C. Parlee
Director

(Signed) H. C. F. Mockridge
Director

Directors

William C. Bolenius Norris R. Crump Peter D. Curry John J. Deutsch Hon. Lewis W. Douglas Albert P. Gagnebin J. Roy Gordon James H. Goss G. Arnold Hart J. K. Jamieson Allen T. Lambert Donald H. McLaughlin R. Samuel McLaughlin	by their attorney (Signed) D. C. McGavin	H. C. F. Mockridge The Rt. Hon. Lord Nelson of Stafford James C. Parlee Ellmore C. Patterson Sir Ronald L. Prain George T. Richardson Lucien G. Rolland George C. Sharp Ivor D. Sims The Rt. Hon. Viscount Weir Henry S. Wingate Samuel H. Woolley

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act, 1968 (Manitoba) and the regulations thereunder, by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, under the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick).

Wood Gundy Securities Limited

By: (Signed) W. P. Wilder

The following includes the name of every person having an interest directly or indirectly to the extent of not less than 5% in the capital of Wood Gundy Securities Limited: C. L. Gundy, W. P. Wilder, J. N. Cole, E. S. Johnston, J. K. McCausland, P. J. Chadsey, J. R. LeMesurier, C. E. Medland, J. N. Abell and D. C. H. Stanley.